In the Claims

1-17. (Canceled)

18. (Previously Presented) In a method of managing copying of video content, the video content including picture data representing picture elements to be rendered for display to a user, and including auxiliary data conveyed along with the picture data but not representing picture elements to be rendered for display to a user, the method including:

(a) examining the auxiliary data for copy control data;

(b) examining the picture data for a digital watermark; and

(c) making a copy control decision based on results of (a) and (b);

an improvement wherein the digital watermark has only two states: present, or absent.

19. (Previously Presented) The method of claim 18, including prohibiting copying of the video content if the copy control data is absent and the digital watermark is present.

20. (Previously Presented) The method of claim 18 wherein said auxiliary data comprises header data.

21. (Previously Presented) The method of claim 18 wherein the auxiliary data comprises plural bits of copy control data.

22. (Previously Presented) A method of managing processing of video content, the video content including picture data representing picture elements to be rendered for display to a user, and including auxiliary data conveyed along with the picture data but not representing picture elements to be rendered for display to a user, the method including:

(a) examining the auxiliary data for copy control data;

(b) only if the copy control data is missing, examining the picture data for a digital watermark; and

(c) if the copy control data is missing, and the digital watermark is present, then limiting processing of said video content.

23. (Currently Amended) In a method of preparing video content for distribution, the video content including picture data representing picture elements to be rendered for display to a user, and including auxiliary data conveyed with the picture data but not representing picture elements to be rendered for display to a user, the method including:

encoding a digital watermark in the picture data; and

including copy control data in the auxiliary data;

wherein a compliant decoder device can make a copy control decision based on examination of said copy control data in conjunction with examination of said digital watermark;

an improvement wherein the digital watermark has **one of** only two **possible** states: present, or absent.

24. (Previously Presented) The method of claim 23 wherein said auxiliary data comprises header data.

25. (Currently Amended) In a data structure having video content stored therein, the video content including picture data representing picture elements to be rendered for display to a user, the data structure also including associated header data that does not represent picture elements to be rendered for display to a user, wherein:

the picture data is encoded with a digital watermark; and

the header data includes copy control information;

an improvement wherein the digital watermark has **one of** only two **possible** states: present, or absent.